



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Services
Cost Allocation Services

June 4, 2014

26 Federal Plaza, Room 41-122
New York, New York 10278
Phone: (212) 264-2069
Fax: (212) 264-5478
Email: dcany@psc.gov

Mr. Marc Leonetti
State Controller
State of Rhode Island and
Providence Plantations
Department of Administration
One Capitol Hill
Providence, Rhode Island 02908-5883

Dear Mr. Leonetti:

A negotiation agreement is being sent to you for signature. This agreement reflects an understanding reached between your institution and a member of my staff concerning the rates or amounts that may be used to support your claim for costs on grants and contracts with the Federal Government. The agreement must be signed by a duly authorized representative of your institution and email to me; retain a copy for your file. We will reproduce and distribute the agreement to awarding agencies of the Federal Government for their use.

Your next proposal should include the following information:

- A. Appendix C to 2 CFR PART 225 (OMB Circular A-87 - effective August 31, 2005) lists the information which must be submitted as part of the cost allocation plan for Section II costs (as well as for Section I costs). In addition, ASMB C-10, "A Guide for State, Local and Indian Tribal Governments", Part 4, discusses the documentation requirements and provides sample formats for submitting the necessary information. It is required that all subsequent plans include the required documentation.
- B. The State should submit a complete copy of the annual financial statements for each of the Internal Service Funds (ISFs) included in the Cost Allocation Agreement. In addition, a copy of the most recently completed audit of the ISFs by the State Auditors of Public Accounts should be submitted.

- C. Section 4.7 of ASMB C-10 provides information on how Section II Billed Costs should be presented in the central services cost allocation plan. It lists the information that must be provided and includes suggested formats for providing this information as shown in Illustration 4-6 (Summary of Actual and Imputed Revenues by Fund) and Illustration 4-7 (Reconciliation of Retained Earnings), along with instructions for completing both forms. It is required for both State Telecommunications and Information Technology that this information must be provided by individual billing rate categories in addition to the overall reconciliation for each fund. The required information for each billing rate category must include the following (see section 4.7 and Illustrations 4-6 and 4-7 of ASMB C-10): the beginning balance for the fiscal year, actual and imputed revenues, A-87 allowable costs, allowable working capital reserve (60 days) contributed capital, any transfers in and out of the fund, and the ending balance for the fiscal year. Additional information, such as federal financial participation by billing rate category, may also be required. Any questions regarding this requirement should be directed to my office.

Your cost allocation plan for the fiscal year ending June 30, 2016 based on your actual costs for fiscal year ended June 30, 2014 must be submitted to my office by December 31, 2014.

If you are unable to submit your proposal by the prescribed date, you may request an extension. This request must be submitted prior to the due date of the proposal and must contain a justification for the extension and the date the proposal will be submitted.

These plans should include the carry forward adjustments needed to compensate for the differences between the central service costs and fringe benefit rates approved on a fixed basis for the fiscal year ended June 30, 2014, and the actual costs for that year.

The fixed central service costs for the fiscal year ended June 30, 2014 amounting to \$28,779,431 includes final carry-forward of over-recovery of \$1,086,328 from the fiscal year ended June 30, 2012.

In order to effect a timely negotiation, your next plan must be accompanied by the following supporting information:

1. A certification of the plan by a responsible official.

Mr. Marc Leonetti

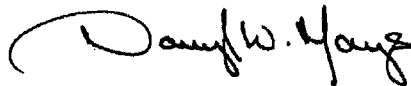
-3-

June 4, 2014

2. A copy of your official financial statements supporting the costs contained in the plan.
3. An organization chart identifying those organizations rendering central services and all other departments, agencies, and bureaus, whether or not they are reflected as benefiting from services in the cost allocation plan.
4. The required documentation that must accompany each plan submission as specified in 2 CFR Part 225 (OMB Circular A-87), Cost Principles for State, Local and Indian Tribal Governments, Appendix C - State/Local-Wide Central Service Cost Allocation Plans, and ASMB C-10, A Guide for State, Local and Indian Tribal Governments, Part 4: Attachment C - Requirements for Cost Allocation Plans.

In addition, please acknowledge your concurrence with the comments and conditions cited above by signing this letter in the space provided below and email it to me with the enclosed negotiation agreement.

Sincerely,



Darryl W. Mayes
Deputy Director
Cost Allocation Services

Enclosures

Concurrence:


Name

STATE CONTROLLER
Title

6-5-14
Date

#0524/12

**COST ALLOCATION AGREEMENT
STATE AND LOCAL GOVERNMENTS**

STATE/LOCALITY:

State of Rhode Island & Providence Plantations
One Capitol Hill
Providence, Rhode Island 02908-5503

DATE: June 4, 2014

FILING REF.: The preceding
Agreement was dated 03/25/13

SECTION I: ALLOCATED COSTS

The central service costs listed in Exhibit A, attached, are approved on a Fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during the fiscal year ended June 30, 2014 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

SECTION II: BILLED COSTS

In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to State/local departments and agencies.

1. Central Utilities Internal Service Fund
2. Central Service Internal Service Fund
 - a) Central Mail
 - b) State Telecommunications Fund
3. Automotive Maintenance Internal Service Fund
4. Central Warehouse Internal Service Fund
5. Correctional Industries Internal Service Fund
6. Assessed Fringe Benefit Internal Service Fund
7. Records Center Internal Service Fund
8. Health Insurance Internal Service Fund - Active Employees
9. Vehicle Replacement Revolving Internal Service Fund
10. Capitol Police Internal Service Fund
11. Audit of Federal Assistance Program
12. Fringe Benefits
 - a) Social Security (FICA)
 - b) Employees' Medical Insurance
 - c) Employees' Retirement - State Contribution
 - d) Retire Health Care - State Contribution
13. Centralized Human Resources
14. Centralized Facilities Management
15. Centralized Information Technology
16. Administrative Costs of American Recovery & Reinvestment Act
17. State Surplus Property Internal Service Fund

Section III: CONDITIONS

The amounts approved in Section I and the billings for the services listed in Section II are subject to the following conditions:

- A. LIMITATIONS: (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State/locality which are legal obligations of the State/locality and are allowable under 2 CFR Part 225 (OMB Circular A-87). (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State/locality which was used to establish this Agreement is not later found to be materially incomplete or inaccurate.
- B. ACCOUNTING CHANGES: This Agreement is based on the accounting system purported by the State/locality to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from an allocated cost to be billed cost. Failure to obtain approval may result in cost disallowances.
- C. FIXED AMOUNTS: If fixed amounts are approved in Section I of this Agreement, they are based on an estimate of the costs for the period covered by the Agreement. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.
- D. BILLED COSTS: Charges for the services listed in Section II will be billed in accordance with rates established by the State/locality. These rates will be based on the estimated costs of providing the services. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined by 2 CFR Part 225 (OMB Circular A-87), will be made in accordance with procedures agreed to between the State/locality and the Cognizant Agency.
- E. USE BY OTHER FEDERAL AGENCIES: This Agreement was executed in accordance with the authority in 2 CFR Part 225 (OMB Circular A-87), and should be applied to grants, contracts and other agreements covered by that Circular, subject to any limitations in Paragraph A above. The State/locality may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

F. SPECIAL REMARKS:

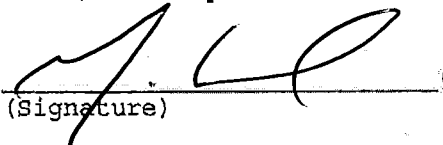
Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

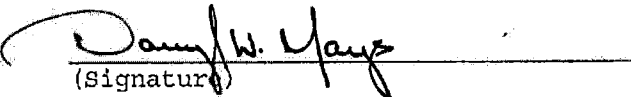
BY THE STATE/LOCALITY:

BY THE COGNIZANT AGENCY ON
BEHALF OF THE FEDERAL GOVERNMENT:

State of Rhode Is & Provid. PL
State/Locality

DEPARTMENT OF HEALTH & HUMAN SERVICES
AGENCY)


(Signature)


(Signature)

MARC LEONETTI
(Name)

Darryl W. Mayes
(Name)

STATE CONTROLLER
(Title)

Deputy Director, Cost Allocation Svcs.
(Title)

6-5-14
(Date)

June 4, 2014
(Date)

HHS Representative: M. Stack

Telephone: 212-264-2069

State of Rhode Island
Statewide Cost Allocation Plan
Allocated Costs by Department

Schedule A Budget 2014	BHDDH/ M.H.R.H.	Health	Human Services	Corrections	Elm & Sec Education	Environmental Management	RI Justice Commission	RI Developmental Disability Cal	Arts Council
User Department	\$	\$	\$	\$	\$	\$	\$	\$	\$
Building Use Charges	-	77,577	541	-	154,918	289	-	-	-
Equipment Use Charges	-	-	-	-	-	-	-	-	-
Rental of Facilities - RIRBA	21,356	5,558	13,786	22,585	4,577	5,931	53	-	125
Labor Relations Board	60,224	51,574	68,993	45,876	32,161	42,645	99	-	1,393
Treasurer	-	-	-	-	-	-	-	-	-
Administration- Director	300,109	222,801	311,931	250,373	143,805	195,729	678	-	5,913
Accounts & Control	102,409	199,762	71,193	126,468	104,704	67,594	-	-	11,168
Off of Mgmt & Budget	350,130	252,972	258,216	160,139	133,565	272,093	-	-	15,376
Purchasing	21,530	10,581	-	-	-	-	-	-	-
Audits	-	-	-	-	-	-	-	-	-
Human Resources- Assoc Dir	-	-	-	-	-	-	-	-	-
Personnel	376,687	117,944	240,906	416,819	103,158	169,780	1,702	-	2,564
Legal Services	164,689	91,423	114,860	119,034	55,579	106,005	304	-	4,733
Employee Training	9,234	2,891	5,905	10,218	2,529	4,162	42	-	63
Personnel Appeals Board	-	-	-	-	-	-	-	-	-
Central Service- Assoc Dir	-	-	-	-	-	-	-	-	-
Property Management	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-
Auditor General	-	-	-	-	-	-	-	-	-
Retiree Health	-	-	-	-	-	-	-	-	-
Asset Inventory	-	-	-	-	-	-	-	-	-
RISAIL- Information Technolo	-	-	-	-	-	-	-	-	-
Security Services	-	-	-	-	-	4,260	3,175	-	7,355
Future Use	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-
Total Allocation	1,406,368	1,033,083	1,086,331	1,151,512	734,996	868,488	6,053	-	48,690
Carry Forward	(48,845)	1,919	(160,161)	(311,936)	(89,333)	(983)	(37,457)	(288)	(8,519)
Subtotal	1,357,523	1,035,002	926,170	839,576	645,663	867,505	(31,404)	(288)	40,171
Negotiated Settlements									
No adjustments									
Total Costs	\$ 1,357,523	\$ 1,035,002	\$ 926,170	\$ 839,576	\$ 645,663	\$ 867,505	\$ (31,404)	\$ (288)	\$ 40,171

State of Rhode Island
Statewide Cost Allocation Plan
Allocated Costs by Department

Schedule A Budget 2014	Historical Preservation	State Police	Municipal Police Academy	National Guard	Emergency Management	Attorney General	Crime Victims Fund	Municipal Affairs	Registry Motor Vehicles	Child Support Enforcement	State Energy Office
<u>User Department</u>											
Building Use Charges	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment Use Charges	-	-	-	-	-	-	-	-	-	-	-
Rental of Facilities - RIRBA	-	-	-	-	-	-	-	-	-	-	-
Labor Relations Board	-	3,972	17	1,194	374	-	53	-	-	-	107
Treasurer	1,370	12,341	492	12,390	6,585	10,364	67	-	-	-	3,276
Administration- Director	-	-	-	-	-	-	-	-	-	-	65,411
Accounts & Control	6,224	68,627	2,086	52,938	27,120	51,910	455	-	-	-	13,492
Off. of Mgmt. & Budget	7,615	65,716	1,790	16,863	25,292	13,297	-	-	-	-	8,001
Purchasing	3,577	88,001	5,375	59,030	59,348	44,159	-	-	-	-	7,285
Audits	-	-	-	-	-	-	-	-	-	-	368,820
Human Resources- Assoc Dir	-	-	-	-	-	-	-	-	-	-	-
Personnel	4,976	121,981	894	24,997	7,115	65,977	1,146	-	-	-	3,557
Legal Services	1,883	46,273	1,655	20,882	17,774	24,073	205	-	-	-	2,661
Employee Training	-	-	-	-	-	-	-	-	-	-	-
Personnel Appeals Board	122	2,990	22	613	175	1,617	28	-	-	-	87
Central Service- Assoc Dir	-	-	-	-	-	-	-	-	-	-	-
Property Management	-	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-	-
Auditor General	-	-	-	-	-	-	-	-	-	-	-
Retiree Health	-	-	-	-	-	-	-	-	-	-	-
Asset Inventory	-	-	-	-	-	-	-	-	-	-	-
RISAIL- Information Technolo	-	-	-	-	-	-	-	-	-	-	-
Security Services	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Total Allocation	25,767	409,901	12,331	188,957	143,783	211,397	1,954	-	-	-	472,697
Carry Forward	(4,646)	(50,293)	(6,978)	(30,193)	(9,173)	(17,622)	(17,466)	-	(278,153)	(97)	282,213
Subtotal	21,121	359,608	5,353	158,764	134,610	193,772	(15,515)	-	(278,153)	(97)	754,910
Negotiated Settlements	-	-	-	-	-	-	-	-	-	-	-
No adjustments	-	-	-	-	-	-	-	-	-	-	-
Total Costs	\$ 21,121	\$ 359,608	\$ 5,353	\$ 158,764	\$ 134,610	\$ 193,772	\$ (15,515)	\$ -	\$ (278,153)	\$ (97)	\$ 754,910

Schedule A
Budget 2014

Page 3 of 7

Internal Ser

Page 4 of 7

Vice Funds

Page 5 of 7

State of Rhode Island
Statewide Cost Allocation Plan
Allocated Costs by Department

Schedule A Budget 2014	Employment Security Admin B	DLT Employer Tax Collection Unit	Temporary Disability Fund	DLT Workers Comp	DLT Restricted	DLT Reed Act	DLT Treasury (UI)	Employees Health Insurance ISF	Human Resources	Facilities Mgmt	Information Tech.
<u>User Department</u>											
Building Use Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,893	\$ -
Equipment Use Charges	-	-	-	-	-	-	-	-	-	-	-
Rental of Facilities - RIRBA	-	-	-	-	-	-	-	-	-	-	-
Labor Relations Board	-	-	713	-	-	-	-	-	-	-	2,013
Treasurer	-	-	1,798	3,846	1,697	-	283	980	-	-	2,981
Administration- Director	-	-	-	-	-	1	-	-	-	-	939,910
Accounts & Control	-	-	9,377	15,270	6,678	5	1,162	3,858	-	-	20,349
Off. of Mgmt. & Budget	-	-	-	-	-	-	-	4,138	-	-	-
Purchasing	-	-	6,293	9,140	14,083	-	3,015	-	-	-	-
Audits	-	-	-	-	-	-	-	-	-	-	-
Human Resources- Assoc Dir	-	-	-	-	-	-	-	-	-	-	-
Personnel	-	-	13,650	851	-	-	284	-	-	-	51,115
Legal Services	-	-	4,190	2,693	3,916	-	889	-	-	-	9,137
Employee Training	-	-	-	-	-	-	-	-	-	-	-
Personnel Appeals Board	-	-	335	21	-	-	7	-	-	-	1,253
Central Services- Assoc Dir	-	-	-	-	-	-	-	-	-	-	-
Property Management	-	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-	-
Auditor General	-	-	-	-	-	-	-	-	-	-	-
Retiree Health	-	-	-	-	-	-	-	-	-	-	-
Asset Inventory	-	-	-	-	-	-	-	-	-	-	-
RIS/All-Information Technolo	-	-	-	-	-	-	-	-	-	-	-
Security Services	-	-	-	-	-	-	-	-	-	43,255	74,471
Future Use	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Future Use	-	-	-	-	-	-	-	-	-	-	-
Total Allocation	-	-	36,356	31,821	26,374	6	5,640	8,976	-	46,148	1,101,229
Carry Forward	(3,465)	(280)	(8,302)	(1,842)	(5,353)	(32)	(1,936)	(18,540)	-	(7,136)	(15,461)
Subtotal	(3,465)	(280)	28,054	29,979	21,021	(26)	3,704	(9,564)	-	39,012	1,085,768
Negotiated Settlements											
No adjustments											
Total Costs	\$ (3,465)	\$ (280)	\$ 28,054	\$ 29,979	\$ 21,021	\$ (26)	\$ 3,704	\$ (9,564)	\$ -	\$ 39,012	\$ 1,085,768

State of Rhode Island
Statewide Cost Allocation Plan
Allocated Costs by Department

Schedule A Budget 2014	User Department									
	State Surplus	Vehicle Repl	DLT Unemploy	DLT Job	DLT Develop	Future Use	Other	Total		
Building Use Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,544	\$ 959,060		
Equipment Use Charges	-	-	-	-	-	-	-	-		
Rental of Facilities - RIRBA	-	-	-	-	-	-	-	-		
Labor Relations Board	-	-	-	-	-	-	-	-		
Treasurer	4	15	-	-	-	-	14,802	199,704		
Administration- Director	-	-	-	-	-	-	185,202	893,932		
Accounts & Control	16	60	-	-	-	-	51,536	1,325,544		
Off. of Mgmt & Budget	276	276	-	-	-	-	814,112	4,229,686		
Purchasing	-	430	-	-	-	-	2,228,282	3,976,335		
Audits	-	-	-	-	-	-	553,549	3,106,998		
Human Resources- Assoc Dir	-	-	-	-	-	-	608,307	1,047,771		
Personnel	-	-	-	-	-	-	-	4,445		
Legal Services	-	119	-	-	-	-	512,493	4,304,467		
Employee Training	-	-	-	-	-	-	769,614	2,157,433		
Personnel Appeals Board	-	-	-	-	-	-	12,560	105,516		
Central Service- Assoc Dir	-	-	-	-	-	-	-	-		
Property Management	-	-	-	-	-	-	-	-		
Information Technology	-	-	-	-	-	-	-	-		
Auditor General	-	-	-	-	-	-	3,752,307	3,752,307		
Retiree Health	-	-	-	-	-	-	-	-		
Asset Inventory	-	-	-	-	-	-	-	-		
RISAIL-Information Technolo	-	-	-	-	-	-	-	-		
Security Services	-	-	-	-	-	-	1,105,505	3,802,561		
Future Use	-	-	-	-	-	-	-	-		
Future Use	-	-	-	-	-	-	-	-		
Future Use	-	-	-	-	-	-	-	-		
Future Use	-	-	-	-	-	-	-	-		
Future Use	-	-	-	-	-	-	-	-		
Future Use	-	-	-	-	-	-	-	-		
Total Allocation	296	900	-	-	-	-	10,896,813	29,865,759		
Carry Forward	(161)	(585)	-	-	-	-	57,052	(1,086,328)		
Subtotal	135	315	-	-	-	-	10,953,845	28,779,431		
Negotiated Settlements								0		
No adjustments										
Total Costs	\$ 135	\$ 315	\$ -	\$ -	\$ -	\$ -	\$ 10,953,845	\$ 28,779,431		